

SENATE DEMOCRATIC LEADER • MARK SCHAUER • 19TH DISTRICT

Schauer Press Release

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SCHAUER JOINS COLLEAGUES IN ANNOUNCING FORECLOSURE MORATORIUM LEGISLATION

*Two-year 'foreclosure freeze' will help struggling consumers get back
on their feet, keep their homes*

LANSING—Senator Mark Schauer (D-Battle Creek) joined several of his colleagues and consumer advocates in announcing new legislation that will establish a two-year freeze on all mortgage and tax foreclosures in Michigan. The three-bill package would establish the longest period of foreclosure protection of any state in the country, while also providing important safeguards for the lending industry.

“We must not let Michigan’s foreclosure crisis sink our state’s efforts for a full, long-term economic recovery,” said Schauer. “This is a bold approach that buys our families and communities time to get back on their feet.”

The first bill in the package allows a property owner to ask the court for a two-year stay on all foreclosure proceedings until the period of redemption. It covers both foreclosures by advertisement and judicial foreclosure. During this two-year period, the court may order the property owner to make reduced mortgage payments. In setting the amounts of these payments, the court may consider the homeowner’s financial status and ability to pay. An accompanying bill would allow a property owner to ask the court for a two-year stay on foreclosure proceedings based on failure to pay property taxes.

The third bill in the package would allow the Michigan State Housing Development Authority (MSHDA) to issue bonds that would be used to guarantee residential mortgage payments during the foreclosure moratorium period. This would create a layer of protection for lenders while they work with consumers to refinance mortgages.

In an effort to save farms from foreclosure during the 1980s, the State of Iowa implemented a law that gave the Governor the express power to declare a state of emergency to halt foreclosures on various types of property. Last April, the State of Massachusetts passed a law that put in place a six month moratorium on mortgage foreclosures for people who were victims of unfair lending practices. This 'negotiation period' was designed to give homeowners time to negotiate better terms with their lender to prevent them from losing their homes. Two state senators in New York—one Republican and one Democrat—have also introduced legislation there that would implement a one-year freeze on foreclosures.

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